



# ***DCMC Meeting the Cha***

**DCMC Group Leaders Conference**

**22-26 February 1999**

## **Supplier Operations**

***Workshop 2 - How to Get There***

***Supplier  
Operations***

# **Supplier Operations Briefers**

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# Overview

- **Policy Development and Deployment**
- **Supplier Risk Management**
  - **Contractor System Surveillance**
  - **Management Council**
- **Preadward Information**
- **Earned Value Management Systems**
- **Single Process Initiative**
- **Contingency Operations**

# Policy Development & Deployment

- **DCMC Challenge:** *Integrated Policy and Process Deployment*
- *Performance Management*
- *Communicating To/From...*

# **Integrated Policy & Process Deployment**

- ***Today:***
  - **Basically “knowledge deployment”**
- ***Tomorrow:***
  - **Process owner/champion also a resource manager; central figure in performance budget development**
  - **Performance/Process improvement and planning and budgeting integrated**
- ***Road to Tomorrow:***
  - **SFA thing needs to work**
  - **Align with business/budget cycle**
    - **Managing performance improvement *projects***

# Performance Management

- ***Today:***

- **Quality/Effectiveness orientation**
- **Bottom line - Negotiation by best guess**

- ***Tomorrow:***

- **Effectiveness and Efficiency**
- **Bottom line - Knowing the cost of incremental improvement; cost-benefit analysis with facts**

- ***Road to Tomorrow:***

- **Incremental performance improvement**
- **Managing performance improvement**

# Communication

## ➤ ***Today:***

- **Paper management “systems” - paper thinking**
- **A coordination process cycle time that we would never want *60 Minutes* to find out about**

## ➤ ***Tomorrow:***

- **The whole thing is one big network - you are a part of the network**

## ➤ ***Road to Tomorrow:***

- **Stop thinking the way we’re thinking/acting**
- **“Enable” the process**
  - **Leverage your action - teach them how to fish, don’t give them fish**
  - **Recognize that the insulation is not there anymore**

# **A Challenge to Grow**

**Growing the “institution” to integrate “management” at every organization level, especially at the process manager level, is our greatest challenge**



# **Risk Management**

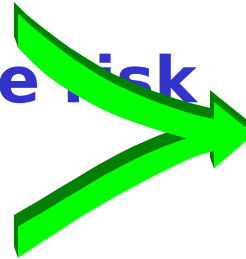
## **Risk Assessment and Management Program**

- **Integrate risk assessment and surveillance planning activities--all in an IPT environment**
- **Use a consistent Risk Management Methodology**
- **Identify Key Supplier Processes/Characteristics**
- **Use a Risk Assessment/Rating--High, Moderate, Low**
- **Risk Handling--Plan surveillance activities/methods according to risk assessment**

# Risk Management

**Assess risk during contract review**

- Inherent risk
- Contractor Performance Risk  
(Present / Future)



✓End Product  
Performance  
✓Schedule  
✓Cost

**Accumulate and trend performance risk by contractor, corporation, industry sector, CAO**



**Accumulate and trend PLAS hours and identified risk by contractor, sector, CAO, ...**

# **Contractor Purchasing Sys Reviews**

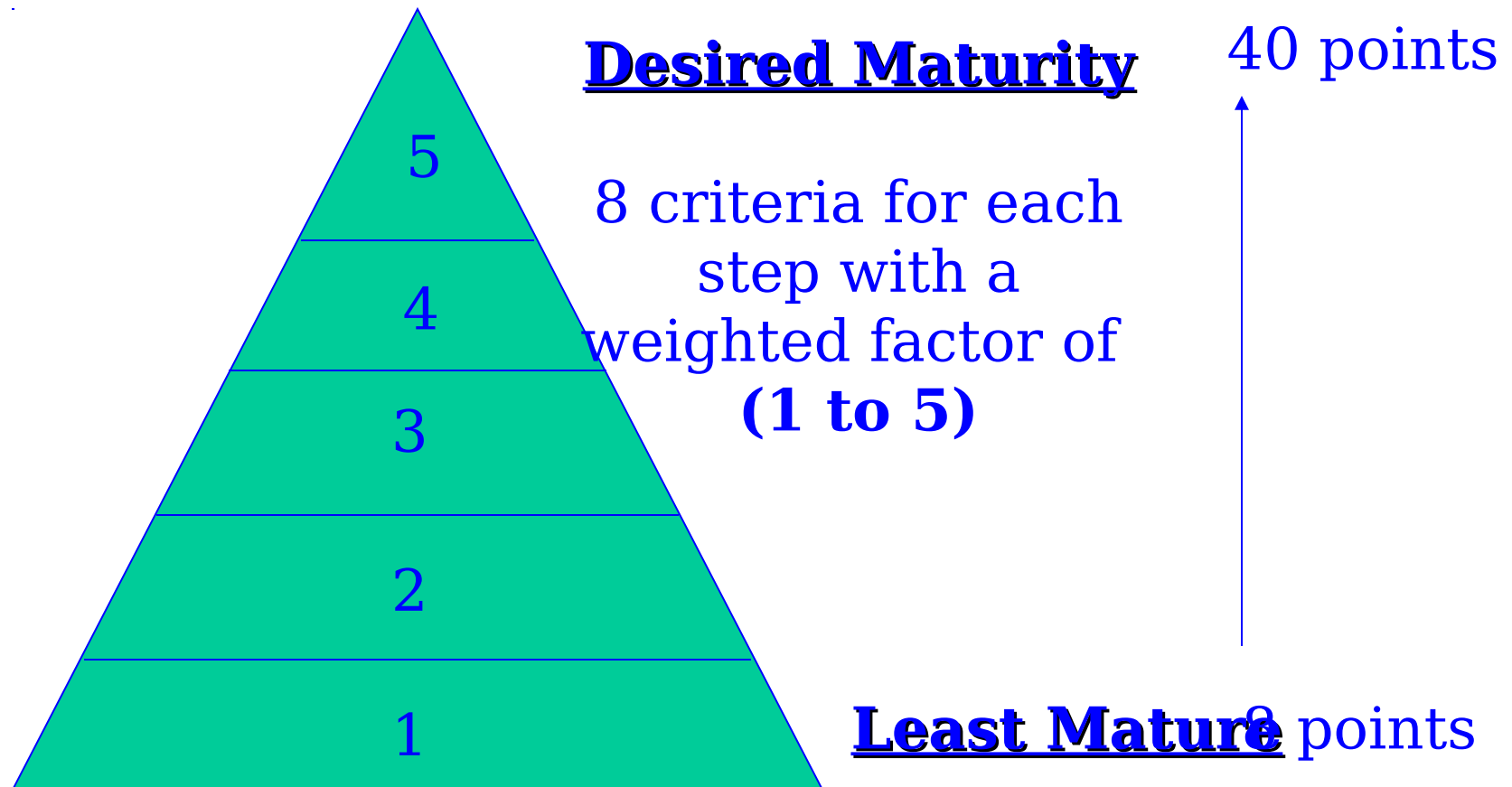
## **CPSR Process Streamlined**

- **Subcontract Management PAT 1998 review validated:**
  - **Risk assessment procedures are being utilized**
  - **Number of onsite CPSRs reduced by over 40%**
  - **Man-hours per onsite review reduced by up to 50%**
  - **CPSR personnel reduced from 102 in 1994 to 42 today**

# **Management Council**

- **Top Quality Senior-level People - Right Skills and A**
- **Meets Often**
- **Maintains Consistent Membership**
- **Has an Agreed-to and Well-defined Charter**
- **Has a Well-organized Agenda**
- **Perseverance**
- **Advertises Successes**

# Management Council Maturity Matrix



# Management Council

## Potential Topics for Discussion



**In Addition to SPI, expanded Management Councils Today Address a Variety of Issues of Importance, Including:**

- **Reducing Reviews - Better Risk Management**
- **Facilitating Supplier Management Efforts**
- **Invigorating VECP Submittals**
- **Improving Manufacturing and Business Processes**

# **Enterprise Resources Planning (ERP)**

## What Actions Should CAOs Be Taking

- **Find out if the contractor is going to implement ERP**
- **Get involved up front and early**
- **Learn all you can about the ERP system**
- **Take a look at the questions developed by the study group (<http://www.dcms.hq.dla.mil>)**



# Earned Value Mgmt System

## DCMC Executive Agent



**Use Maturity model to help plan process improvement**

- **CAO has role to play**
  - **System**
  - **Program**
- **Promote Contractor EVMS ownership via Management Council**
- **Get PM involvement to help streamline EVMS process**



# Earned Value Mgmt System

## Contractors

**Said: Let us own system**

**Belief: Have documented systems (a la QA- ISO 9000)**

**Perform internal audits of their systems**

**Continuously improve system**

**Use system even when not contractually required**

**Facts: Few sites have comprehensive policy**

**Few perform internal audits**

**Few continuous improve system - afraid to**

**change system previously accepted under**

# **Performance Goal 1.1.5 - EVMS**

- **Why you are doing this:**
  - **Improve management of DoD programs**
- **What is the strategy:**
  - **Identify “drivers” that cause programs to exceed cost and schedule goals**
  - **Identify drivers in the EVMS Module of AMS**
  - **Work with customers and contractors to optimize EVMS implementation at their facilities**

# **EVMS - How do you do this?**

- **Engage at Mgmt and Corporate Council**
- **Encourage contractor self audits or joint surveillance**
- **Encourage contractor ownership and improvement**
- **Maintain plan of action to support EVMS**
  - **Assure predictive program analysis**
  - **Perform self assessment using maturity model**
  - **Address gaps via performance plan**

# **EVMS - Program Managers**

**Customer Saying: We own our programs, let us manage them**

**Belief: PMs conduct Integrated Baseline Review (IBR)**

**Appropriately apply EV on contracts**

**Use EV data in their ongoing activities (few surprises)**

**Include DCMC**

**Facts:**

- DCMC not consistently invited on PMs IBRs**
- PMs say too many surprises are still occurring**
- Some PMs do not want our analysis**

# **EVMS - What should you do?**

**Engage with PM and discuss IBR requirements**

- **Assist with IBRs- understand the process**
- **Discuss system and program surveillance needs**
- **Provide predictive analysis for PMs to lessen surprises**
- **Discuss with PM when they do not want DCMC analysis**
- **Engage EV center, Engineering SFAs and Software center**

# Supplier Information Service

➤ **To achieve our aim. . . .**

➤ **What You Need to Do!**



- **Provide trustworthy and useful information**
- **Assist in development of new metrics and goals**
- **Begin integration of other data sources & DCMC applications**
- **Continue to focus on 'Early CAS' emphasis.**

# **Performance Goal 1.2.3 - Early CA**

- **What is expected of the CAOs:**
  - **Continue to provide quality Early CAS support**
  - **Provide information needed to support District's customer interviews**
- **Develop/maintain relationship with service buying activities in close proximity of the CAO**
  - **ASK /PLAN/DO/CORRECT...**
  - **Review solicitation language,**
  - **Initiate discussion in Management Councils**

# Early CAS Involvement

- **Use Tools Provided**
  - **“Early CAS Corner” on Homepage . . . Early CAS**  
**Teaming Guidebook, Lessons Learned, etc.**
  - **POCs in Districts**
  - **Process Owner at HQ**
    - **Stan Beitsch**  
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# **Performance Goal 1.2.7 - Preaward Su**

- **What is expected of the CAOs: To provide timely and quality preaward surveys to buying activities**
- **Start thinking about a Quality Metric for FY 00**
- **Continue to populate PAS System**

# Contingency CAS - Supporting The Warfighter

- ***Trained***
- ***Qualified***
- ***Deployable***

## CCAS Training

- **Basic Contingency Orientation Course (40 Hrs)**
- **Pre-Deployment Preparation (32 Hrs)**
- **Deployment Preparation (40 Hrs)**

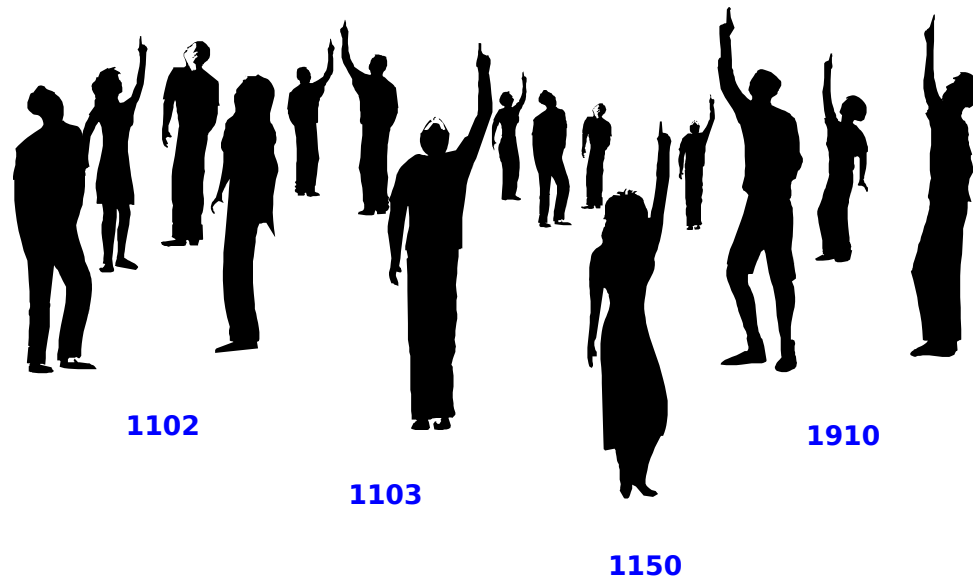
# Contingency CAS - Supporting The Warfighter

## CCAS Personnel Requirement

150	(10 Core Teams)
96	(Special Pool)
246	Total

## Core Team

Commander		1
Deputy Commander	1	
ACO	1	
CA	1	
QAR	2	
QAR - Fuels		3
Cost/Price Analyst	1	
Property Admin	2	
Operations Support	3	
Total	15	



# We Need You

-

# Volunteer !

## CCAS Program Managers

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